

Message Text

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ORIGIN SS-25

INFO OCT-01 ISO-00 SSO-00 CCO-00 /026 R

DRAFTED BY EUR/NE:DWOOLFLEY:PM
APPROVED BY EUR:RDVINE
L/EB:SKLINGER
EB/TRA:AJRIMAS
ARA/ECA:FRONDON
HA:EJONES - P:TOM MILLER
HA:BROH-KAHN
EUR/RPM:LBRECKON - IO:MR. CASWELL
ACDA:MHUMPREYS
EUR/NE:RLFUNSETH - S/S:DANERSON
-----062840 150106Z /14
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FM SECSTATE WASHDC
TO USDEL SECRETARY IMMEDIATE

S E C R E T STATE 151831 TOSEC 070040

EXDIS

E.O. 11652: GDS

TAGS:OVIP (VANCE, CYRUS)

SUBJECT: BRIEFING MEMORANDUM FOR VANCE-OWEN MEETING
(3:00 PM JUNE 16)

THE PRINCIPLE FOCUS OF YOUR DISCUSSION IS EXPECTED TO BE
UPON AFRICA. HOWEVER, THE FOLLOWING SUBJECTS OF BILATERAL
CONCERN MAY ALSO ARISE.

KEY ISSUES:

1. ILLICIT PAYMENTS TREATY.

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ESSENTIAL FACTORS. GOOD PROGRESS HAS BEEN MADE TOWARD
REACHING A CONSENSUS AMONG OECD COUNTRIES ON THE BASIC
ELEMENTS OF A TREATY PROHIBITING ILLICIT PAYMENTS. THE
PRIMARY REMAINING PROBLEM IS BRITISH, FRG, AND (TO A
LESSER EXTENT) JAPANESE DESIRES NOT TO BE OBLIGED TO PROS-
ECUTE THEIR NATIONALS WHO COMMIT BRIBERY OVERSEAS UNLESS

THE HOST GOVERNMENT CONCERNED TAKES COMMENSURATE ACTION AGAINST THE OFFICIAL INVOLVED. IN RECENT MEETINGS BETWEEN AMBASSADOR BREWSTER AND SECRETARY OF STATE FOR TRADE EDMUND DELL IN LONDON AND DICK COOPER AND AMBASSADOR JAY IN WASHINGTON, THE BRITISH CONTINUED TO INSIST ON THIS CONDITION, WHICH WE FEEL WOULD SUBSTANTIALLY WEAKEN A TREATY.

THE BRITISH ARGUE THAT WITHOUT THIS PROVISIO THEIR BUSINESSMEN COULD BE DISADVANTAGED VIS-A-VIS COMPETITION FROM COUNTRIES WHICH ARE LESS SCRUPULOUS IN FULFILLING TREATY COMMITMENTS.

POINTS TO BE MADE:

1. WE BELIEVE THE BEST WAY TO PREVENT THE COMPETITIVE DISADVANTAGE THE BRITISH FEAR IS BY ACHIEVING A STRONG AND EFFECTIVE AGREEMENT RATHER THAN ONE WEAKENED BY CONDITIONS. WHILE SOME COUNTRIES MAY BE MORE SCRUPULOUS THAN OTHERS IN OBSERVING THEIR TREATY COMMITMENTS, THE US AND OTHER INDUSTRIALIZED COUNTRIES (E.G. SWEDEN, SWITZERLAND, NETHERLANDS, CANADA) WILL BE TAKING THE SAME RISKS AS THE UK.

2. WE THINK THE CHANCES FOR AN AGREEMENT HAVE BEEN SUBSTANTIALLY IMPROVED, AND HOPE THAT THE BRITISH WILL SUPPORT AN ECOSOC RESOLUTION CALLING FOR A DIPLOMATIC CONFERENCE TO CONCLUDE A TREATY.

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2. CIVIL AVIATION.

ESSENTIAL FACTORS: PRIME MINISTER CALLAGHAN HAS RESPONDED TO THE PRESIDENT'S LETTER SUGGESTING THAT THE TWO US AIRLINES (PAN AM AND TWA) BE PERMITTED TO SERVE LONDON FROM NEW YORK, BOSTON, AND LOS ANGELES. THE PRIME MINISTER'S REPLY CONDITIONED BRITISH AGREEMENT UPON PAN AM'S TRANSFERRING ALL OF ITS OPERATIONS FROM HEATHROW TO GATWICK AIRPORT AND A REDUCTION OF OVERALL US FLIGHTS BETWEEN LONDON AND BOSTON AND LOS ANGELES COMBINED. AMBASSADOR BREWSTER ON JUNE 12 INDICATED TO THE BRITISH SECRETARY OF STATE FOR TRADE, EDMUND DELL, THAT CALLAGHAN'S RESPONSE DOES NOT RESOLVE THE PROBLEM SATISFACTORILY, SINCE THE US DESIRE IS TO TRADE OPPORTUNITIES, NOT RESTRICTIONS. THE AMBASSADOR REQUESTED THAT CONSULTATIONS BETWEEN EXPERTS BE SCHEDULED DURING THE WEEK OF JUNE 19.

MEANWHILE, IN RESPONSE TO A PRESIDENTIAL DIRECTIVE, THE DEPARTMENT INFORMED THE BRITISH THAT THE US HAS DESIGNATED NEW YORK AND LOS ANGELES FOR TWO-CARRIER SERVICE, AS OF JUNE 15, AS A MATTER OF RIGHT UNDER THE BERMUDA-II

AGREEMENT. HOWEVER, WE REQUESTED THAT TWO-CARRIER SERVICE AT BOSTON BE RETAINED BEYOND THAT DATE PENDING RESOLUTION OF THE ISSUE. DELL AGREED TO THE CONSULTATIONS (WHICH WILL START ON JUNE 21) BUT DECLINED TO PERMIT TWO-CARRIER SERVICE AT BOSTON AFTER JUNE 15. ACCORDINGLY, PAN AM WILL SUSPEND ITS BOSTON-LONDON FLIGHTS AT THAT TIME AND HAS ANNOUNCED A LOW-FARE BOSTON-AMSTERDAM SERVICE AS AN ALTERNATIVE.

POINTS TO BE MADE: ALTHOUGH MY PAST AFFILIATION WITH PAN AMERICAN CAUSES ME TO REFRAIN FROM PERSONAL INVOLVEMENT IN THE SPECIFICS OF THIS ISSUE, I WISH TO UNDERSCORE THE GENERAL IMPORTANCE OF THE SUBJECT TO THE US GOVERNMENT. I TRUST THAT NEXT WEEK'S CONSULTATIONS WILL CONTRIBUTE TOWARD RESOLVING THIS MATTER TO OUR MUTUAL SATISFACTION.

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3. COMPASSES FOR BRITISH-BUILT ARGENTINE SHIPS (EXDIS)

ESSENTIAL FACTORS: THE UK IS SEEKING TO PURCHASE US-MANUFACTURED COMPASSES FOR TWO DESTROYERS THEY ARE SELLING TO ARGENTINA. EXPORT APPROVAL FOR THESE COMPASSES, ALONG WITH ALL OTHER ARGENTINE MUNITIONS CASES, HAVE BEEN HELD UP BECAUSE OF THE ARGENTINE HUMAN RIGHTS SITUATION. WE WILL BE BRIEFING THE BRITISH ON OUR POLICY AND THE POSSIBILITY THAT WE WILL BE ABLE TO APPROVE THE COMPASSES ALONG WITH OTHER SAFETY-RELATED EQUIPMENT JUST AS SOON AS WE PERCEIVE AN IMPROVEMENT IN THE HUMAN RIGHTS TREND IN ARGENTINA.

POINTS TO BE MADE:

1. WE BELIEVE THE NEXT SEVERAL WEEKS WILL PROVIDE INDICATIONS AS TO WHETHER THE ARGENTINE HUMAN RIGHTS SITUATION IS ON THE MEND OR NOT. IF THERE ARE CLEAR SIGNS OF AN IMPROVING TREND, WE WILL ACT PROMPTLY TO APPROVE THE COMPASSES ALONG WITH SEVERAL OTHER PENDING APPLICATIONS FOR SAFETY EQUIPMENT.

2. THE DEPARTMENT WILL BE DISCUSSING THIS MATTER IN MORE DETAIL WITH YOUR EMBASSY IN WASHINGTON SHORTLY.

4. BOAT REFUGEES.

ESSENTIAL FACTORS: THE NUMBER OF BOAT REFUGEES FROM VIETNAM IS GROWING GEOMETRICALLY, FROM 1,500 A MONTH LAST WINTER TO 6,000 IN MAY. UNLESS THERE IS GREATER INTERNATIONAL ACCEPTANCE OF THESE REFUGEES FOR PERMANENT RESETTLEMENT, MALAYSIA AND THAILAND WILL ALMOST CERTAINLY

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BEGIN TO REFUSE THEM SAFE HAVEN.

MRS. DERIAN SPOKE TO OWEN SEVERAL MONTHS AGO ABOUT THE NEED FOR GREATER UK ASSISTANCE IN RECEIVING AND RESETTLING BOAT REFUGEES. THE BRITISH HAVE BEEN GENEROUS FROM A FINANCIAL STANDPOINT BUT HAVE NOT BEEN IMPRESSIVELY COOPERATIVE IN RECEIVING AND ACCEPTING THEM FOR RESETTLEMENT.

POINTS TO BE MADE: WE WOULD APPRECIATE ANY EFFORTS HMG COULD TAKE TO

ENCOURAGE BRITISH SHIPS TO ASSIST REFUGEES, AND TO ENCOURAGE THE HONG KONG AUTHORITIES TO CONTINUE TO ACCEPT SUCH REFUGEES ARRIVING THERE.

5. FOREIGN MINISTER'S MEETING ON MBFR (IF RAISED)

ESSENTIAL FACTORS: MBFR PRESUMABLY WILL ALREADY HAVE BEEN DISCUSSED IN THE MEETING OF FOUR ON JUNE 14. HOWEVER, IN BILATERAL DISCUSSION, OWEN MAY POSSIBLY RAISE WITH YOU HIS PRIOR SUGGESTION THAT DISCUSSION OF MBFR BE RAISED TO FOREIGN MINISTER LEVEL.

POINTS TO BE MADE: IN SPITE OF ITS ENCOURAGING FEATURES, THE EASTERN COUNTER-PROPOSAL DOES NOT SEEM BY ITSELF TO REPRESENT SUFFICIENT PROGRESS TO JUSTIFY A FOREIGN MINISTERS MEETING. OUR AGREEMENT TO CONVENE SUCH A MEETING, DESPITE ALL DISCLAIMERS, MIGHT IMPLY AN EVENTUAL WESTERN WILLINGNESS TO ACCEPT EASTERN DATA.

6. THE LONGEVITY OF CALLAGHAN'S GOVERNMENT (IF RAISED)

ESSENTIAL FACTORS: THE END OF THE LIB-LAB PACT AND RECENT LABOR SUCCESSES IN BI-ELECTIONS LEAD MOST OBSERVERS TO BELIEVE THAT CALLAGHAN WILL CALL ELECTIONS THIS FALL. OWEN MAY WISH TO ALERT YOU TO THIS POSSIBILITY,

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AND CONCEIVABLY MAY VOLUNTEER HIS PERSONAL VIEWS ON ELECTORAL PROSPECTS.

POINTS TO BE MADE: WE APPRECIATE OWEN'S VOLUNTEERING OF HIS THOUGHTS ON THIS MATTER. WE VALUE OUR CLOSE RELATIONSHIP WITH BRITAIN AND WITH ITS PRESENT GOVERNMENT VERY HIGHLY, AND THEREFORE ARE ACUTELY INTERESTED IN THIS

SUBJECT.

CHRISTOPHER

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Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TOSEC, DIPLOMATIC DISCUSSIONS, BRIEFING MATERIALS
Control Number: n/a
Copy: SINGLE
Draft Date: 15 jun 1978
Decaption Date: 20 Mar 2014
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978STATE151831
Document Source: CORE
Document Unique ID: 00
Drafter: DWOOLFLEY:PM
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D780249-0382
Format: TEL
From: STATE
Handling Restrictions:
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780655/aaaabvic.tel
Line Count: 227
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 3f876088-c288-dd11-92da-001cc4696bcc
Office: ORIGIN SS
Original Classification: SECRET
Original Handling Restrictions: EXDIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 5
Previous Channel Indicators: n/a
Previous Classification: SECRET
Previous Handling Restrictions: EXDIS
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 28 jun 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2336723
Secure: OPEN
Status: NATIVE
Subject: BRIEFING MEMORANDUM FOR VANCE-OWEN MEETING (3:00 PM JUNE 16) THE PRINCIPLE FOCUS OF YOUR DISCUSSION IS EXPECTED
TAGS: OVIP, PEPR, US, UK, (VANCE, CYRUS R), (OWEN, DAVID)
To: SECRETARY
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/3f876088-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014